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AGRICULTURAL SITUATION REVIEW

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NOT FOR PUBLICATION

OPENING ANNOUNCEMENT: Early in each month the U. S. Department of Agriculture issues a review of happenings in the agricultural industries during the past month along with discussion of possible future trends under the title "The Agricultural Situation." Through arrangement with the Department, Station _____ summarizes for you the outstanding points in the monthly statement just issued. Conditions at the Spring seeding time, the state of the markets for farm products, and the business factors which influence the markets -- all are dealt with in this rapid summary which follows.

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Stated as briefly as possible, the Blue Sheet -- that's what we call this monthly publication that is printed on blue paper -- the Blue Sheet sums up the present situation under the headline "Spring Conditions Varied -- Markets Weak."

"As is frequently the case at this date," the economists note, "farmers in the South and Central States are taking stock of recent damage by frost and storms. Notwithstanding these setbacks from bad weather, including the drought in the Southwest, spring work and crops over most of the country are making fairly normal progress.

"Spring wheat sowing is near completion. The earlier sown fields in South Dakota and elsewhere are making a promising start. Soil conditions through the spring wheat territory have been favorable for the sowing. In Canada, soil conditions are also reported as more favorable than last spring, although more moisture would be beneficial in some areas.

"Winter wheat is growing rapidly. However, all reports indicate quite serious damage from drought in the Southwest. Wheat is heading short in western Texas and the drought effects are widely apparent up through Oklahoma and western Kansas. The Government report on acreage and condition of winter wheat will be issued May 9.

"The reports of crop damage have had a little strengthening effect on wheat prices recently but, in the main, the domestic wheat market has continued weak and unsettled during the past month. The world has been slow to buy our wheat. Exports of wheat from North America for the season, to date, are only about half as large as during the corresponding period last year. Consequently the stocks of wheat on hand here exceed even the large stocks of a year ago, notwithstanding the sharp reduction in the Canadian crop last season.

"The market for feed grains also has been weak, in sympathy with wheat and reacting possibly to the lessened demands in the dairy and poultry industries.

"The dairy situation has shown some signs of improvement. Butter production, for example, was decreased 1.6 per cent during the first quarter of the year, while consumption increased 1.5 per cent. The price of butter moved up about 4 cents a pound above the winter low point, until recently it has attracted a little foreign butter over the 12-cent tariff wall.

"The wind-up of last season's apples, potatoes, sweet potatoes, and various minor crops finds those markets fairly profitable. From now on, the new southern crops will come in rapidly. Supplies of early cabbage and strawberries are considerably below last spring but cantaloupes, western lettuce, green peas, and tomatoes all promise to be abundant.

"The general price level of important farm products is low relative to the things farmers buy. That does not strike producers so forcibly now, at planting time, as it will if the same situation exists later in the summer when the new crops come to market."

There you have a concise view of the agricultural situation at the opening of May. Now for a look at some of the reports on the individual farm commodities. The grain market situation naturally looms large at this season. We already have pointed out to you in the summary of the agricultural situation that the world has not been buying our wheat this year as in former years. This has created a situation in which it is possible that the carry-over of wheat at the beginning of the new crop year will be unusually large. Stocks of wheat in the United States late in April were 25 million bushels more than in 1929. Along with wheat the markets for other grains have declined. The demand for the most important feed grains -- corn and oats -- has continued active this spring and market stocks of them are slowly diminishing.

We find a picture of great variety in the fruit and vegetable industries. To indicate briefly the market situation of the various important crops let us quote the opening paragraphs of the fruit and vegetable review in this month's Blue Sheet:

"Seasons of the even dates since 1924 have been a little later than the odd years, and 1930 is not wholly an exception in the series. There was warm weather at first, starting some fruit buds too early. The lower temperatures that followed, protected the later fruit buds and helped promote a generally promising fruit season. Shipping periods in some districts were delayed for onions, potatoes, berries, and various truck crops. Vegetables in storage were given an extended season and delighted the patient holders with comparatively high prices in April.

"The price tendency for most early vegetables and strawberries was downward in April, with the increase of southern supplies. Shipments of early cabbage and berries have been far below last year's record, and movement of these crops is expected to continue lighter than a year ago. Cantaloupes and western lettuce promise to be abundant. Green peas and tomatoes also should be plentiful, judging from acreage reports. Southeastern watermelons may not be so numerous as in 1929."

As the season for 1929 crop potatoes closes it becomes apparent that on the whole, it was a season of moderate, general prosperity for potato growers, without any hardship to consumers. The price situation was reasonably steady most of the time, averaging not far from \$2 per 100 pounds at representative country shipping points. A few sections, including Maine, Virginia, and the Rocky Mountain and West coast regions, had the desirable combination of large yield and favorable markets. The result was a prosperous season for potato growers in those sections.

But it seems that the general prosperity in 1929-30 for potato growers may bring on heavier plantings. Heavier plantings plus reasonably good weather will mean a bigger crop to harvest this fall than in 1929 and a bigger crop is less likely to sell at favorable prices.

The market season for sweet potatoes turned out fairly well. The crop seems now to have been about 15 per cent larger than in 1928, but prices probably averaged up about the same as in 1928.

Onion growers the last year produced from northern fields about one-fifth more than in 1928, but seemed disposed to reduce onion acreage this season.

The truck crop situation changes with each sort of vegetable. Asparagus took a boom in production in this season it now seems -- about 70 per cent above last season and prices consequently were moderate. The early cabbage States around the Gulf Coast section had a much lighter crop this year than last -- perhaps a third less -- and the inevitable result was prices far above those of last season. Such high prices have brought shipments of cabbage from overseas, especially from Holland. Out in the Imperial Valley of California cantaloupe growers have increased their acreage considerably. First shipments of early maturing melons are now rolling from that section. Other western States and Southeastern States where this delicacy is grown report intentions also to increase acreage, except for North Carolina where the cantaloupe plantings will be cut in half. Florida has produced more celery than last year but prices have been favorable in spite of the heavy output. Florida is about through shipping celery now. Next will come the spring crop from California and following that will come the mid-season shipments from Michigan and New York.

Peas in the pod are ~~shelling~~ out of California fields at a great rate this spring. More than 2 million bushels in the crop from the Sunset State. And acreage of green peas is increasing everywhere. More lettuce and more spinach also are coming to the markets this year than ever before, reflecting the demand of the modern American appetite for lots of green goods. Strawberry production promises to be smaller than last year because of smaller acreage and unfavorable weather. However some States, notably Virginia, look for increase of strawberries. String beans will probably increase in market supplies as will tomatoes. Watermelon acreage is being increased in some sections and reduced in others so that a balance will probably be struck with last year's production.

Now how about those two businesses, former sidelines, which have grown to big industries in their own rights -- the poultry business and the dairy business?

It seems as we look back on the first four months of 1930 that the flush spring production of eggs came earlier this year than usual. Egg receipts at

the markets began to drop off in the first week of April -- two weeks earlier than usual. Consumers have taken to eating more eggs, and the trade output of eggs from April 1 to the last of the month averaged about one-third heavier than for the same period last year. The dressed poultry market became a little bit firmer during April. The low prices of preceding months seem to have had their effect in bringing about greater consumption of poultry. As an instance, we note, that the decrease in frozen stocks of poultry in the principal markets during April, 1930, was more than twice as great as in April, 1929. There is a note in this poultry report this month showing that poultrymen generally are trying to get their pullets to lay earlier and earlier each fall so as to smooth out some of the ups and downs in the egg price range. The heaviest hatchings ever heard of were reported in February and again in March by commercial hatcheries. "In all probability," say the economists, "the main poultry crop will be hatched much earlier this year than last, pointing to the earlier egg lay next fall."

The dairy situation too is beginning to clear up. The market reporters note that "there is possibly a bit more optimism than there has been for several months," although sentiment as a whole is still conservative in the dairy markets.

The optimism is generated partly by the continued decrease in butter production. This decrease reached 3 per cent in March. By the way, the decrease took place mainly in the corn belt States which do not specialize in dairying, and in California and Oregon on the Pacific Coast. Does this confirm a theory often expressed that the dairy industry automatically regulates itself through decreases in production from the Corn Belt regions where cow milking is a sideline wherever the prices of dairy products drop? Maybe so, maybe no.

Now just one more note, then we have concluded our summary of the agricultural situation report by the U. S. Department of Agriculture. This note has to do with a lengthy and closely-reasoned article in the current issue of the Blue Sheet on "The Business situation and the domestic demand for farm products."

The author points out that the present business depression has made it apparent again that changes in domestic demand vitally affect farm prices and farm incomes, just as at times the changes in the farmer's buying power are important in stimulating or restraining business activity. That makes it all the more necessary that we try to trace out from past history if we can what may be expected in the present business depression. I regret that we haven't time to give you the full discussion and we don't have television facilities to show you charts illustrating the points made.

However I do want to quote the section of the discussion on the duration of business recessions. It follows:

"In the past 45 years there have been in the United States 14 business recessions of varying magnitude. In all but one of these recessions it was a year or more after the peak had been passed before the low level was reached. In 10 instances the time involved between the peak of prosperity and the bottom of the recession was 12 to 15 months; in three instances, more than 15 months and in one case (1918-19) only seven months. Since the peak of last June nearly 10 months have already elapsed."

Of course a great complexity of factors makes the history of each change in the business cycle from boom to depression and back again to boom. To study these factors as they appear to be trending at present, we advise you to write to the Bureau of Agricultural Economics, United States Department of Agriculture, and ask for a copy of the May 1 report on the Agricultural Situation. Single

copies of this publication are sent without charge. If you wish to receive it each month the Government makes a charge of 25 cents a year to cover printing costs.

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CLOSING ANNOUNCEMENT: We have just presented the Agricultural Situation Review. By arrangement with the United States Department of Agriculture this feature is given monthly by Station _____.

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